



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	HB0605	<b>Title:</b>	Deduction for investment in measures to prevent depredation
<b>Primary Sponsor:</b>	McKamey, Wendy	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	(\$27,600)	(\$27,600)	(\$27,600)	(\$27,600)
<b>Net Impact-General Fund Balance:</b>	<u>(\$27,600)</u>	<u>(\$27,600)</u>	<u>(\$27,600)</u>	<u>(\$27,600)</u>

**Description of fiscal impact:** HB 605 creates a new itemized deduction for expenditures on qualifying proactive preventative measures made by individual and corporate taxpayers for preventing livestock depredation caused by wildlife. HB 605 will reduce general fund revenue by \$27,600 for fiscal years 2016 through 2019.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Revenue**

- HB 605 creates a new itemized deduction for expenditures on qualifying proactive preventative measures made by taxpayers for preventing livestock depredation caused by wildlife, with a deduction limit of \$20,000 per taxpayer each tax year. The deduction must be claimed for the tax year in which the expenditure is made.
- In 2015, the Montana Livestock Loss Board accepted applicants for a Livestock Loss Prevention grant. Individuals and incorporated entities enrolled in the grant program would have up to 50% of their spending on investments designed to mitigate livestock losses caused by wolves and grizzly bears to be covered by the grant. For the grant program, preventative measures included fencing, night penning, increased human presence and delayed turnouts. Ten applications were received for the Livestock Loss Prevention grant by the end of its application period on January 31, 2015. The Livestock Loss Board estimates that up to 20 applications could be received in future years as potential future applicants become aware of the grant.

3. It is assumed that 20 people will apply for the preventative livestock depredation deduction created by HB 605 for fiscal years 2016 through 2019 and they would qualify for the entire \$20,000 deduction.
4. The qualifying taxpayers are assumed to have a Montana adjusted gross income that exceeds the \$20,000 deduction and will have their income taxed at Montana's highest marginal income tax rate of 6.9%.
5. Based on 20 applicants each year, with each applicant deducting \$20,000, SB 605 will reduce Montana's total taxable income by up to \$400,000. With a tax rate of 6.9%, the depredation deduction will reduce Montana income tax liability by \$27,600 each fiscal year.
6. The Department of Revenue will absorb the cost of developing the new income tax form during its annual updating process. The department does not expect to incur any costs as a result of HB 609.

**Fish, Wildlife and Parks(FWP)**

7. The department will assist the Department of Revenue in developing guidelines for the proposed HB 605 tax credits. No additional staff or resources will be required of FWP.

**Department of Livestock**

8. The activities proposed under HB 605 are within the normal scope and budget of the Livestock Loss Board

	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>	<b><u>FY 2018</u></b>	<b><u>FY 2019</u></b>
<b><u>Fiscal Impact:</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>
<b><u>Expenditures:</u></b>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	<u>(\$27,600)</u>	<u>(\$27,600)</u>	<u>(\$27,600)</u>	<u>(\$27,600)</u>
TOTAL Revenues	<u>(\$27,600)</u>	<u>(\$27,600)</u>	<u>(\$27,600)</u>	<u>(\$27,600)</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	<u>(\$27,600)</u>	<u>(\$27,600)</u>	<u>(\$27,600)</u>	<u>(\$27,600)</u>

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*Sponsor's Initials*\_\_\_\_\_  
*Date*\_\_\_\_\_  
*Budget Director's Initials*\_\_\_\_\_  
*Date*